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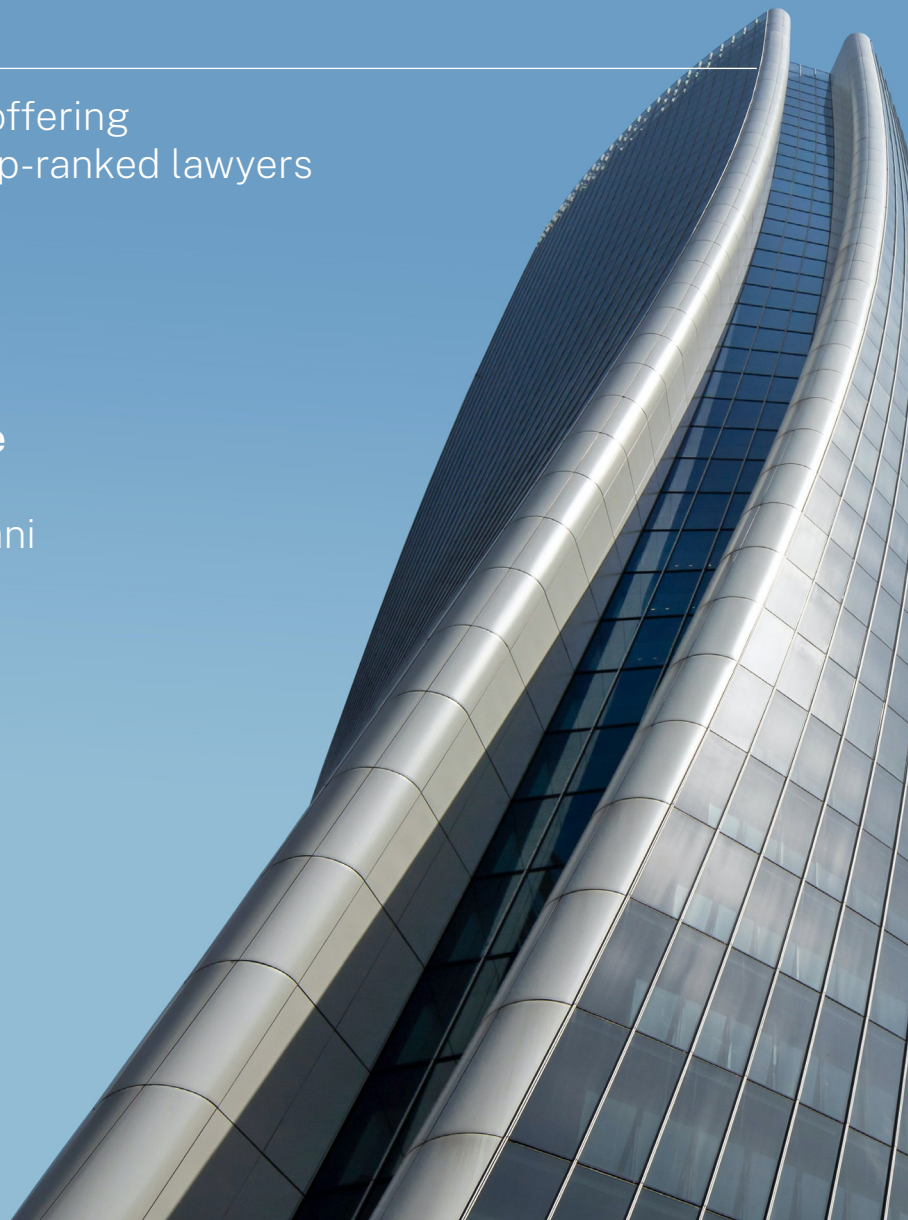
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# Investing In... 2026

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Definitive global law guides offering  
comparative analysis from top-ranked lawyers

**Zimbabwe: Law and Practice  
& Trends and Developments**  
Nellie Tiyago, Rudo Magundani  
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Scanlen & Holderness



# ZIMBABWE



## Law and Practice

### Contributed by:

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**Scanlen & Holderness** is one of Zimbabwe's leading and longest established law firms, founded in 1894. In 2026, the firm marks 132 years of delivering high quality legal services to corporates, statutory bodies, individuals and international clients. Its deep and diverse expertise has consistently earned the firm and its practitioners strong recognition in both local and international legal rankings. Throughout its history, Scanlen & Holderness has shaped the development

of Zimbabwean jurisprudence through its involvement in landmark and precedent-setting matters. The firm is also noted for its role in innovative transactions and market first initiatives. Several of its lawyers have gone on to serve on the benches of the High Court and Supreme Court. Primarily focused on corporate, commercial and mining law, the firm operates as a fully integrated practice, offering comprehensive legal services to local, regional and global clients.

## Authors



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## 1. Legal System and Regulatory Framework

### 1.1 Legal System

Zimbabwe's legal framework is a hybrid system without a singular source of law. The system comprises:

- Roman Dutch law (common law), inherited from the British settlers who arrived in Zimbabwe around 1890;
- statutory law (legislation), which governs matters in written form; and
- judicial precedent (court precedents and case law) derived from the decisions of the superior courts – the decisions of the Supreme Court are superior and have authority over all subordinate courts.

In certain circumstances, a business may become subject to customary law, which governs traditional practices predominantly in rural and communal settings and is administered by chiefs and headmen. The intersection between commercial operations and customary law is particularly relevant in matters concerning land use and communal land rights, where traditional authority structures retain jurisdiction and influence over access, occupation and dispute resolution.

Authoritative legal texts and foreign case law are often cited for their persuasive value, particularly where the legal issue is novel or underdeveloped within Zimbabwe. Such references assist the courts in interpreting principles where domestic precedent is limited or evolving.

Zimbabwe abides by treaties and international agreements such as:

- the investment protection agreements it has entered into with the United Kingdom, South Africa, China, Germany, Mozambique, Malaysia, the Netherlands, Portugal, Switzerland, Egypt, Yugoslavia, Iran, Denmark, Sweden, India, Indonesia, Jamaica, Italy and the UAE; and
- international treaties involving the Multilateral Investment Guarantee Agency (MIGA) and the Overseas Private Investment Corporation (OPIC). Zimbabwe is a signatory to the International

Convention on Settlement of Investment Disputes, the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the United Nations Convention on International Trade Law and the Economic Partnership Agreement between the EU and Eastern and Southern Africa.

### 1.2 Regulatory Framework for FDI

Foreign direct investment (FDI) is regulated under exchange control and sector-specific legal provisions. These provisions are summarised as follows.

#### Exchange Control Approval

Any lending or borrowing of financial obligations in foreign currency, including when involving security or the remittance of funds outside Zimbabwe for goods and/or services (whether actual or anticipated), must be approved by the Reserve Bank of Zimbabwe (RBZ) under exchange control regulations.

All cross-border investments and payments must be routed through authorised banking institutions and accompanied by relevant documentation, such as invoices, receipts and the governing agreement.

#### Sector-Related Approval

FDI must be authorised by the regulatory body responsible for the particular economic sector targeted, ensuring that any investment or activity complies with industry-specific laws, standards and licensing requirements. Sectors where approval is required include:

- mining – mining claims, exploration licences and environmental impact assessments;
- banking and finance – the establishment of financial institutions, lending activities and foreign currency operations;
- telecommunications – licensing of telecom operators, spectrum allocation and infrastructure deployment;
- health and pharmaceuticals - drug importation, manufacturing, distribution and retail licensing;
- energy – fuel retail licences and electricity generation/distribution permits;
- tourism – tour operator licensing and tourism facility registration; and

- agriculture – land use permits, agro-processing licences and veterinary approvals.

Whilst an investor is permitted to invest in any sector of the economy in Zimbabwe, certain sectors have been reserved for locals. To participate in those sectors, an investor would have to seek specific approval from the Zimbabwe Investment and Development Agency (ZIDA) and the minister responsible for indigenisation.

The reserved sectors/enterprises in 2024 were agriculture (primary production of food and cash crops); transportation (passenger buses, taxis and car hire services); retail and wholesale trade; barber shops; hairdressing and beauty salons; employment agencies; estate agencies; valet services; grain milling; bakeries; tobacco grading and packaging; tobacco processing; advertising agencies; milk processing; the provision, marketing and distribution of local arts and craft; and artisanal mining.

In 2025, the following were added: haulage trucking, borehole drilling, customs clearing, shipping and forwarding, and pharmaceutical retailing.

## 2. Recent Developments and Market Trends

### 2.1 Current Economic, Political and Business Climate

#### Exchange Control Guidelines to Authorised Dealers and their Clients on Foreign Exchange Transactions

In August 2025, the RBZ issued the aforementioned guidelines, which consolidate all previous foreign exchange directives up to 22 April 2025. Of note with respect to FDI are the following provisions.

- Supplier credit agreements: All credit-based supply contracts, arrangements or agreements entered into by corporate entities must be registered with the RBZ. A report detailing the goods or services received under such agreements must be submitted to the RBZ within 14 days of receipt.
- Recurring service agreements: Where service provision (professional, technical, consultancy, management, administrative, software-related, or involving royalties/franchises) entails recurring fees, the underlying agreement must be registered with the RBZ. Once registered, payments may be processed without further reference to the RBZ.
- Import administration: All importers must be duly registered. Authorised dealers may process import-related transactions for both corporates and individuals without requiring prior approval from the RBZ.
- Service payment thresholds: To mitigate risks associated with illicit financial flows (IFFs), the total value of service payments made by local companies to both related and unrelated entities must not exceed 3% of the company's audited or projected gross annual revenue.
- Disinvestment proceeds: Foreign investors are permitted to remit disinvestment proceeds, including capital gains, subject to prior approval from the RBZ.
- Restructuring involving foreign shareholders: Any corporate restructuring that alters the shareholding structure of a local entity and involves a foreign shareholder requires prior RBZ approval.
- Participation in local stock exchanges: Foreign investors and non-residents may invest in shares listed on local currency-denominated exchanges such as the Zimbabwe Stock Exchange (ZSE) and Financial Securities Exchange (FINSEC), provided the purchase is funded via inward transfer of foreign currency through formal banking channels. No prior RBZ approval is required. However, foreign ownership is capped at 49% of total equity, with a single investor limited to a maximum of 15% of the shares on offer.
- Bond subscriptions: Foreign investors may subscribe to up to 100% of primary bond issuances, provided the investment is financed through inward foreign currency transfers via normal banking channels.
- Guarantees involving non-residents: Any guarantee where one or both parties are non-resident requires prior approval from the RBZ.
- Non-equity capital contributions: Foreign investors may inject capital into local entities outside traditional equity or debt structures, with the intention of participating in the company's risk and return. Such arrangements require prior RBZ approval. Eligible sectors for profit-sharing structures include

agriculture, mining operations, manufacturing and information and communication technology.

- Greenfield investment funding ratios: To promote sustainable foreign investment, Greenfield projects must maintain a debt-to-equity ratio not exceeding 2:1, thereby avoiding excessive reliance on debt-creating flows.
- Public-private partnerships (PPPs): Foreign investments structured as PPPs – particularly under build-operate-transfer (BOT) models – may be financed entirely through foreign debt.

### Multi-Currency Jurisdiction

Zimbabwe operates a multi-currency framework in which both local and foreign currencies are legally accepted for domestic transactions, subject to prevailing exchange control regulations. The United States dollar remains the predominant medium of exchange for day-to-day commercial activity (as cash, electronic or mobile money payments). It is permissible to price and transact in foreign currency, provided that customers are afforded the option to settle payments in local currency at the prevailing bank foreign exchange selling rate as published by the RBZ. Tariffs, fees and charges may be denominated in foreign currency, subject to the same requirement for a local currency payment alternative. Initially set to lapse in 2025, the multi-currency regime was formally extended to 31 December 2030 through Statutory Instrument 218 of 2023, issued in October 2023.

### Investment Licences

In 2025, ZIDA marked the fifth anniversary of its establishment under the Zimbabwe Investment and Development Agency Act (Chapter 14:38). As the national investment authority, ZIDA was constituted to promote, facilitate and safeguard both domestic and foreign investment. Through ZIDA, investors may apply for an investment licence and seek approval to operate within reserved sectors. These instruments confer statutory protections, including the right to equitable treatment, safeguards against expropriation, and regulatory support for the repatriation of funds and employment of senior expatriate personnel.

### Special Economic Zones

A special economic zone (SEZ) in Zimbabwe is a geographically demarcated area where business activities

operate under a liberalised legislative and regulatory framework, offering fiscal and non-fiscal incentives to attract investment. ZIDA is mandated to designate, regulate and promote SEZs across Zimbabwe. SEZs enjoy relaxed regulatory conditions compared to the rest of the country, including:

- corporate tax holidays, exemptions from payment of capital gains tax (CGT), duty-free importation on capital equipment and VAT exemptions on qualifying inputs;
- exemption from the permits required to import into an SEZ any capital goods, consumer goods, raw materials, components or articles intended to be used for the approved activity and necessary for the proper administration of the premises, and for the health, safety, hygiene and welfare at the premises of employed persons;
- the ability to transfer funds into and out of an SEZ without exchange control approval, provided that a written declaration of the movement and amount of such funds was made to the RBZ; and
- the ability of non-residents employed within an SEZ to receive their emoluments in foreign currency, which may be paid to an external bank account.

### Freehold Available for Foreign Persons

Currently, there are no legal restrictions on the transfer of titled land in Zimbabwe to non-citizens. However, individual foreign investors seeking to acquire commercial real estate may only do so through a locally incorporated entity, which shall hold title to the property. All property acquisitions remain subject to exchange control regulations, requiring that payments be effected through formal banking channels. In the event of disposal, where the purchaser settles immovable property sale proceeds offshore, prior approval from the RBZ is mandatory for the retention of such funds (see the [Guidelines to Authorised Dealers and Their Clients on Foreign Exchange Transactions](#)).

## 3. Mergers and Acquisitions

### 3.1 Transaction Structures

The most common structures for FDI are asset purchases, share purchases, partnerships and joint ven-

tures for both private and public companies. In these cases, there may be a mix of debt and equity.

In selecting a structure, a foreign investor must consider the following.

- An asset purchase involves the outright purchase of assets and excludes any associated debt. For the purchase of a substantial asset of an entity (that is, assets exceeding 50% of the total assets of an entity), an investor will be required to take on employees.
- Under the Capital Gains Tax Act (Chapter 23:01), the sale of immovable property, shares or other specified assets may attract CGT, especially if the asset is substantial in value.
- In Zimbabwe, one of the inherent risks associated with share purchases is the limited visibility regarding the full extent of an entity's debt and contingent liabilities.
- Where a partnership or joint venture is being considered, incorporation of a special-purpose vehicle is encouraged. With the end in mind, it is less complicated to dissolve a special-purpose vehicle.
- PPPs require separate sector specific approval, ZIDA approval and exchange control approval.

### 3.2 Regulation of Domestic M&A Transactions

Competition and anti-trust laws are detailed in **6. Anti-trust/Competition**.

#### Exchange Control

Foreign investors intending to acquire securities, including shares and all forms of security, must obtain exchange control approval from the RBZ, as required under the Exchange Control Regulations.

All foreign currency intended for use within Zimbabwe must be remitted to and held by an authorised dealer, typically a licensed local bank, and any remittance of funds outside the country must be approved by the RBZ. Furthermore, all agreements that involve cross-border payments – such as management contracts, loan agreements, technical service arrangements or royalty and franchise agreements – must also be submitted for exchange control approval prior to execution.

#### ZIDA Investment Licence

Licensing is not compulsory unless the proposed business activity falls within a sector reserved exclusively for Zimbabwean nationals. Under the Zimbabwe Investment and Development Agency Act (Chapter 14:38), both foreign and domestic investments that are formally notified to ZIDA and granted an investment licence benefit from statutory protections, including safeguards against expropriation, equitable treatment and facilitation of fund transfers. Investments in SEZs – which are designated geographic areas for specified activities, typically export-oriented – require prior approval from ZIDA and qualify for targeted fiscal and non-fiscal incentives.

## 4. Corporate Governance and Disclosure/Reporting

### 4.1 Corporate Governance Framework

The primary sources of corporate governance in Zimbabwe are the Companies and Other Business Entities Act (COBEA; Chapter 24:31), the ZSE Listing Rules and the National Code on Corporate Governance as incorporated in the Public Entities and Corporate Governance Act (Chapter 10:31).

- COBEA: This Act governs the formation, management and dissolution of companies. It outlines directors' duties, shareholder rights, financial disclosures and board structures. Every company must have a board of directors responsible for the overall management of the company, paying due regard to their fiduciary duties. Companies must disclose financial and non-financial information to members of the public. There is a duty for the directors of a company to have regard for the interests of employees, the community, the environment, customers and suppliers, and for the long-term consequences of any decision.
- Public Entities and Corporate Governance Act (Chapter 10:31). This Act has incorporated the National Code of Corporate Governance of 2014 into its first schedule. The National Code provides principles-based guidance on board composition, ethics, risk management, stakeholder engagement and sustainability. The Code applies to both public- and private-sector entities, including state-owned

enterprises. At present, express ratification of the principles is required. The National Code of Corporate Governance states that corporate power should not be concentrated in one person as this may result in corporate failure. Part iii of the code provides for the role and functions of the board of directors, wherein the directors should provide effective corporate and entrepreneurial leadership. The Code provides that minority shareholders' interests should be respected and that the shareholders, the board and the management of a company must promote and protect the interests of the company and its stakeholders.

- The Securities and Exchange (ZSE Listings Requirements) Rules and Victoria Falls Stock Exchange Listing Rules include corporate governance provisions to be followed by listed companies, such as the requirements for board independence, audit committees and shareholder communication.

## Corporate and Other Legal Entities Commonly Used for Public and Private Companies

COBEA outlines the various legal entities commonly used for public and private companies, namely:

- private limited companies;
- public limited companies; and
- foreign companies.

## Key Implications for Foreign Investors Considering FDI From Select Corporate or Other Legal Entities

The key consideration for a foreign investor should be the complexity or ease of disinvesting. They may choose to either invest directly or through a special-purpose vehicle.

### *Private company*

An investor may acquire equity in an existing company or establish a new company that is wholly owned by the investor. The liability of shareholders is limited, and shares may not be offered to the public even for the purpose of fundraising.

### *Public company*

If a foreign investor establishes a public company or purchases shares of an existing public company through the stock exchange, capital may be raised

from the public, and the liability of the shareholders will be limited to the extent of the shareholding. This type of company has more reporting requirements.

### *Foreign company*

A foreign company is a company or other association of persons incorporated outside Zimbabwe that has established a place of business in Zimbabwe. The constitution documents of the parent company are registered in Zimbabwe in order to permit the company to perform the functions that they are registered for in the country of origin.

The first step requires the company to obtain a licence from the Minister of Justice, Legal and Parliamentary Affairs. The certificate may be issued conditionally or unconditionally. Once the certificate is issued, application for registration is filed with the Registrar of Companies.

Throughout the history of Zimbabwe, any alteration of the constitution documents, directorship or address, or any other alteration of the parent company documents, must be filed with the Registrar of Companies in Zimbabwe. Administratively, the company is required to display its name and country of incorporation at the place of business, on the seal and on any correspondences. The company is bound to the objectives that have been approved by the Minister in the certificate provided; the company is also bound to the objectives of the parent company.

## 4.2 Relationship Between Companies and Minority Investors

Provisions in COBEA that specifically refer to the relationship between the companies and shareholders provide for the following:

- on the request of a shareholder or shareholders, or of a member or members, holding at least 5% of the ordinary shares of the company, the Registrar of Companies may assign one or more inspectors to investigate the affairs of the registered business entity and report thereon, as the Registrar may direct;
- a minority shareholder may apply to the court for a protection order on the ground that the company's affairs are being – or have been – conducted in a

manner that is oppressive or unfairly prejudicial to the interests of some part of the members, including himself or herself, or that any actual or proposed act or omission of the company, including an act or omission on its behalf, is or would be so oppressive or prejudicial; and

- drag-along and tag-along rights apply to holders of 10% of the company shares.

### 4.3 Disclosure and Reporting Obligations

Concerning disclosure and reporting obligations in Zimbabwe, please see 1. **Legal System and Regulatory Framework**.

## 5. Capital Markets

### 5.1 Capital Markets Overview

The primary sources for financing a business in Zimbabwe are shareholder loans, banking finance and capital raising via exchanges. The Zimbabwe capital market is subject to oversight by the Securities and Exchange Commission. There are currently two registered exchanges: the ZSE and FINSEC. To be financially inclusive, Zimbabwe's securities market introduced "C Trade", which is primarily under FINSEC. Meanwhile, to encourage FDI, the Victoria Falls Exchange, which falls under the ZSE, was established for foreign currency-denominated capital raises.

### 5.2 Securities Regulation

Exchange control approval, obtained from the RBZ, is required when a foreigner acquires shares in an existing company. The RBZ 2025 Exchange Control Guidelines provides that foreign investors may invest up to 100% in unlisted companies for existing projects. The exchange of securities between residents and non-residents requires prior Reserve Bank approval. All such applications shall be submitted through an authorised dealer and supported by company registration documents and profiles of the transacting parties. For listed securities, total foreign shareholding in the entity must not exceed 40%, with an individual allowed to hold up to 15%.

The exchange control regulations and guidelines provide that the remittance of profits and dividends, disinvestment by non-local firms and the raising of local

loans by non-residents must have exchange control approval. The process for seeking exchange control approval for shares to be transferred to an existing company requires that company to make an application to the RBZ through a merchant or commercial bank.

### 5.3 Investment Funds

There is continuous monitoring by the RBZ, which requires the periodic submission of documents related to the approved shareholding and the movement of funds into and out of Zimbabwe.

Foreign investors may invest up to 100% in unlisted companies for existing projects. The investments can be in the form of dilutions, mergers, acquisitions and rights issues. As stated before, the exchange of securities between residents and non-residents requires prior Reserve Bank approval.

An investor who is the holder of an investment licence is required to annually submit a report detailing the progress that has been made with a project that has been approved by the investment authority.

## 6. Antitrust/Competition

### 6.1 Applicable Regulator and Process Overview

The Competition Act (Chapter 14:28) mandates that parties to a merger must secure approval from the Competition and Tariff Commission before the transaction becomes effective. Any merger that meets or exceeds the statutory threshold must be formally notified to the Commission in compliance with the provisions of the Act.

A "merger" is defined as the direct or indirect acquisition or establishment of a controlling interest by one or more persons in the whole or part of the business of a competitor, supplier, customer or other person, whether that controlling interest is achieved as a result of the purchase or lease of the shares or assets of a competitor, supplier, customer or other person; the amalgamation or combination with a competitor, supplier, customer or other person; or any other means. All transactions – and particularly those that involve

a supplier and customer, or even just where control is transferred or acquired by any means – qualify as mergers under the Act. For a merger to be notifiable, it must result in controlling interest of the whole or part of the target firms' business being vested in the acquiring firm.

Notification is triggered by meeting the threshold, which is presently USD1.2 million. **6.2 Criteria for Review** details how the threshold is met.

## 6.2 Criteria for Antitrust/Competition Review

The threshold is met in two instances:

- when the combined annual turnover, that is, the income derived from economic activity in Zimbabwe, of the acquiring firm and the target firm (including by any entity in the merging parties group of companies) is valued at or in excess of USD1.2 million; and
- when the combined assets in Zimbabwe of the acquiring firm and the target firm are valued at or in excess of USD1.2 million – the annual turnover of a firm shall be calculated in accordance with international accounting standards (IAS) based on the income statement for the previous financial year.

No adjustment shall be made even where the amount represents a duplication arising from transactions between the parties. Where the acquiring party is a subsidiary company, the combined turnover of the group of companies in which the acquiring party is a subsidiary shall be included. Where the target party controls any other undertaking or business, the combined turnover of such undertaking or business shall be included.

Where the computation is based on assets, the assets of a party to a proposed merger shall be calculated in accordance with IAS and international financial reporting standards (IFRS), subject to the following:

- the asset value shall be based on the gross value as recorded on the firm's balance sheet at the end of the immediate previous financial year;
- the asset value equals the total assets less any amount shown on that balance sheet for depreciation or diminution;

- the combined assets are to include all assets on the balance sheets of the firms concerned, including any goodwill or intangible assets included in the balance sheets;
- no deduction may be taken for liabilities or encumbrances;
- the combined assets are to be calculated on the basis of the combined assets before giving effect to the merger and, accordingly, the combined assets shall not include any goodwill or intangible assets that would arise as a result of the merger;
- the combined assets shall not be adjusted for any investments the acquiring firm might have in the target firm or amounts due by one firm to the other; and
- assets in Zimbabwe include all assets arising from activities in Zimbabwe.

## 6.3 Remedies and Commitments

The Competition Commission welcomes pre-notification contact. In the ordinary course, these pre-notification contacts will take the form of an advisory opinion.

In 2023, the Commission introduced a process that allows parties to a merger the option of getting clearance from the Commission with respect to whether or not they are required to file an application or obtain an advisory opinion. The clearance letter guides parties on which process to follow. No fee is payable for this request.

## 6.4 Antitrust/Competition Enforcement

The Competition Commission has the authority to prevent an unauthorised person from entering into, carrying out or otherwise giving effect to an agreement or arrangement that is deemed a notifiable merger. This law is actively enforced, and if an investor continues with the investment the penalty may be termination of the transaction and a fine of up to 10% of the combined annual turnover or assets, whichever is higher.

## 7. Foreign Investment/National Security

### 7.1 Applicable Regulator and Process Overview

Concerning the foreign investment/national security review regime applicable to FDI in Zimbabwe, please see the preceding sections.

### 7.2 Criteria for National Security Review

Concerning the foreign investment/national security review regime applicable to FDI in Zimbabwe, please see the preceding sections.

### 7.3 Remedies and Commitments

Concerning the foreign investment/national security review regime applicable to FDI in Zimbabwe, please see the preceding sections.

### 7.4 National Security Review Enforcement

Concerning the foreign investment/national security review regime applicable to FDI in Zimbabwe, please see the preceding sections.

## 8. Other Review/Approvals

### 8.1 Other Regimes

Concerning other laws, regulations or regimes that are applicable to a foreign investor in effecting FDI in Zimbabwe, please see the preceding sections.

## 9. Tax

### 9.1 Taxation of Business Activities

Zimbabwe employs a source-based tax regime. This means that income from a source within, or deemed to be within, Zimbabwe will be subject to tax in Zimbabwe unless a specific exemption is available. Resident and non-resident entities may be taxed, and double-taxation agreements (DTAs) may apply. The main taxes applicable to businesses are corporate income tax, value added tax (VAT) and employment (pay-as-you-earn (PAYE)) tax, as detailed in the following.

### Corporate Income Tax

A company is liable to pay tax on its taxable income. Taxable income includes income from revenue, profits, investments, etc. With effect from 1 January 2024, the corporate income tax rate was set at 25.75%, including the acquired immunodeficiency syndrome (AIDS) levy.

### Special Tax Rates

The Zimbabwe government offers special tax incentives to attract local and foreign investment capital in specific economic sectors, designated areas and priority projects, such as agriculture, mining, tourism, SEZs and export processing zones (EPZs). Benefits include reduced corporate tax rates, tax holidays, duty exemptions, capital allowances and investment allowances. To qualify, investors must meet investment thresholds, create employment opportunities, contribute to economic growth and comply with regulatory requirements.

### Licensed Investors

Special tax rates may apply to certain categories of companies. For example, a licensed investor, having an investment licence issued in accordance with the Zimbabwe Investment and Development Agency Act and exporting all of its goods and services, is taxed at a rate of 25%, and this applies for the first five years after the commencement of the operation.

### Special Mining Lease Holders

The taxable income of the holder of a special mining lease is 15%, while the taxable income of a company derived from mining operations is 25%.

### Manufacturers For Export

The taxable income from the manufacturing of a company that exports 50% or more of its output is 20%.

### Build-Own-Operate-Transfer and Build-Operate-Transfer

Taxpayers engaged in build-own-operate-transfer (BOOT) or BOT activities benefit from reduced tax rates: 0% for the first five years and 15% for the subsequent five years. This incentive encourages infrastructure development and investment.

## VAT

The Zimbabwe tax system also charges VAT on the supply of taxable goods and services. The principal legislation is the VAT Act, which makes provision for taxation in respect of the importation and exportation of goods. A company is liable to register for VAT if the value of taxable supplies or services exceeds or is expected to exceed USD25,000, or the equivalent in ZWG, within a period of 12 months. Every registered operator is required, in accordance with Section 28 of the VAT Act, to submit returns to the Commissioner of Taxes every month, calculate the VAT due on the return and make payment of such VAT. The standard rate of VAT is 15%.

### Collection of VAT for Community Development

In 2024, a 1% levy was introduced on the gross proceeds of lithium, black granite and other cut or uncut dimensional stones and quarry stones. This applies to local sales and exports, and the funds will be ring-fenced for community development.

### Exemption of Certain Goods, Services and Imports From Payment of VAT

As of 1 January 2024, the law permits additional exemptions from payment of VAT for certain categories of goods and services, including:

- water supplied through a pipe for domestic use, the supply of domestic electricity and the importation of electricity (rates charged by a local authority);
- agriculture-related products, including certain items of agricultural equipment or machinery, unmanufactured tobacco supplied on auction floors in accordance with the Tobacco Industry and Marketing Act, other unmanufactured tobacco not sold on the auction floor, commission charges on tobacco sales on auction floors, animal feed and animal medicines, fertiliser, pesticides, plants, seeds, live cattle, pigs, goats, sheep and bovine semen, poultry meat and kapenta;
- fuel and fuel products, ethanol, road toll fees collected by the Zimbabwe National Road Administration, pipeline transportation, handling and storage services supplied for the purposes of delivery of petroleum products (fuel) by the National Oil Infrastructure Company of Zimbabwe, medicines and

medical supplies, ancillary services supplied by the National Pharmaceutical Company (“Nat Pharm”), including storage, handling and distribution, and goods and services provided by medical statutory bodies; and

- tourism, including publications and other advertising matter relating to fairs, exhibitions and tourism in foreign countries.

In addition to exemptions from the payment of VAT, the law also provides for a “zero rating” for specified goods and services, such as the supply of gold to Fidelity Gold Refinery (Private) Limited. A zero rating also applies to the sale of a going concern and the imports and exports of certain goods.

In 2025, Zimbabwe updated its VAT exemptions through SI 2025-001, expanding the list of goods and services exempt from VAT under the VAT Act (Chapter 23:12). The key VAT-exempt categories (2025 update) are:

- basic goods and services – unprocessed staple foods (eg, maize meal, rice, salt), educational services provided by registered institutions, medical and health services provided by licensed practitioners, and water and sanitation services provided by local authorities;
- agricultural inputs – fertilisers, seeds and pesticides used in commercial farming, and animal feed and veterinary products;
- financial services – banking and insurance services (excluding advisory and consultancy), and pension fund management; and
- specific imports – capital equipment for approved SEZs.

### Employment

Companies operating in Zimbabwe must deduct PAYE taxes from employees earning above the tax-free threshold. In respect of PAYE, Zimbabwe also operates a source-based system. The deducted amount must be submitted to the Zimbabwe Revenue Authority (ZRA) by the tenth of the following month. Late payment will incur a 100% penalty and 10% annual interest on the outstanding tax. Employers are required to maintain comprehensive records of employee com-

pensation (including payments made and owed) and associated tax deductions.

For the purposes of determining PAYE, employment income includes gross remuneration, which in turn includes salaries and professional fees, fringe benefits (including complimentary use of company assets and employer-funded benefits), allowances and subsidies (subject to business expense deductions), the imputed value of employer-provided housing and the imputed value of company vehicle usage.

### Taxation of Residents

As highlighted earlier, the tax system in Zimbabwe is source-based. For tax purposes, residents are obligated to pay tax on income derived from services provided within Zimbabwe, notwithstanding the contract's execution location. For any service rendered or work or labour done as an employee, by a person temporarily outside Zimbabwe for a period of less than 183 days, such income shall be deemed to be from a Zimbabwean source.

### Taxation of Non-Residents

Non-residents also pay income tax for services rendered in Zimbabwe. Such employee may be exempt from the payment of taxes in Zimbabwe if their employment or service was for a period of less than 183 days, and if there is a DTA between the relevant countries. Tax liability commences upon contract signing for expatriate employees and consultants providing services in Zimbabwe. Relevant double tax treaty (DTT) terms must be applied to determine tax obligations. An employer may seek exchange control approval for foreign employees whose services were rendered in Zimbabwe, to be paid via foreign accounts. However, the Income Tax Act, as read with the Finance Act, requires that where employees' salaries are paid in foreign currency, the concomitant tax obligation must be remitted in foreign currency.

### Special Circumstances in Which Income is Deemed to Have Accrued

Income shall be deemed to have accrued to a person notwithstanding that such income has been invested, accumulated or otherwise capitalised by him or her; has not actually been paid over to him or her but remains due and payable; or has been credited to an

account or re-invested, accumulated or capitalised – or otherwise dealt with – in his or her name or on his or her behalf.

### Partnership Income

Income received by, or accrued to or in favour of, a partnership in any period ending on an accounting date shall be deemed to be income received by, or accrued to or in favour of, the partners on such accounting date in the proportions in which the partners agree to share the profits of the partnership on such date.

### Capital Gains Tax

CGT is levied on capital gains arising from the disposal or deemed disposal of a specified asset from a source within Zimbabwe. The principal legislation governing the raising of a tax on capital gains is the Capital Gains Tax Act. Specified assets include immovable property (eg, land and buildings) and any marketable security (eg, debentures, shares, unit trusts, bonds and stock). With effect from 1 January 2017, the definition of specified assets was expanded to include any right or title to tangible or intangible property registered, or required to be registered, in accordance with mining and intellectual property laws. The seller is responsible for the payment of CGT.

### Rates of CGT

Where the specified asset being disposed of/sold was acquired after 1 February 2009, CGT is chargeable at a rate of 20% of the capital gain. Where the specified asset being disposed of/sold was acquired before 1 February 2009, CGT is chargeable at a rate of 5% of the gross capital amount realised from the sale.

### Special capital gains

On 1 January 2024, the Finance Act, 2023 (No 13 of 2023) introduced a special CGT, which provides that special CGT is now chargeable on the transfer of a mining title. The special CGT on the transfer of a mining title shall be payable at a rate of 5% of the value of the transaction concerned. No registration of the acquisition of a mining title can be executed if the special CGT on the transfer thereof has not been paid.

CGT exemptions apply to asset transfers between spouses, reconstruction/merger schemes approved

by the Commissioner General of ZIRMA and business property transfers to controlled companies and marketable security sales subject to the capital gains withholding tax (since 1 February 2009).

Farm owners whose farms were expropriated under the land reform programme will not be subject to CGT on any amounts received or accrued as a result of the expropriation.

## 9.2 Withholding Taxes on Dividends, Interest, Etc

### Companies Withholding Non-Resident Shareholders' Tax

A dividend payable to a non-resident shareholder is subject to withholding tax. Every company that distributes a dividend to a foreign company, a foreign life insurance company or a non-resident partnership must withhold non-resident shareholders' tax from that dividend and shall pay the amount withheld to the Commissioner of Taxes within 30 days of the date of distribution. The tax is payable at a rate of 15% unless the investor qualifies to benefit from a DTA. For a listed company, the rate is 15%. A reduced rate of tax applies to dividends paid to a non-resident company that holds at least 25% of the voting powers of the Zimbabwean entity, either directly or indirectly, and is resident in a country with which Zimbabwe has a DTA. If these conditions are met, the lower tax rate will apply. The specific applicable rates will be contained in the relevant treaty document. Exemptions from payment apply to dividends distributed to a foreign medical aid society, pension fund or benefit fund.

### Non-Resident Tax on Interest

Non-resident investors are currently exempt from paying any withholding tax on interest. However, if a non-resident cedes its interest to a resident, this may result in that interest being taxed in Zimbabwe.

## 9.3 Tax Mitigation Strategies

There are various tax mitigation strategies that foreign investors can employ to limit tax liability. They can:

- acquire assets through a local subsidiary, increasing the depreciable asset basis and reducing taxable income;
- procure investment licences to enjoy tax benefits;

- apply for national project status for qualifying investments to enjoy tax exemptions;
- invest in SEZs where specific tax benefits are granted by the government; and
- take advantage of DTTs where applicable.

Export-related benefits can be utilised as export-oriented incentives.

## 9.4 Tax on Sale or Other Dispositions of FDI

In Zimbabwe, capital gains derived by a foreign investor from the sale or disposition of FDI are generally subject to tax, but exemptions and relief are available under certain conditions.

### Exemptions and Relief

CGT exemption applies to foreign investors who hold at least 25% of the voting power in a Zimbabwean company, provided there is a DTA between Zimbabwe and the investor's country of residence.

FDI exemption applies to investments made under the Zimbabwe Investment Authority (ZIA) Act, exempting capital gains from tax for a specified period.

Types of FDI not eligible for capital gains relief include:

- real property – gains from the disposal of immovable property are taxable;
- partnership interests – gains from the disposal of partnership interests may be taxable; and
- specified assets – certain assets, like marketable securities, may not qualify for exemption.

Significant exceptions include:

- immovable property – taxable gains apply to disposals of real property;
- partnership interests – taxable gains may apply to disposals of partnership interests; and
- non-resident companies – CGT applies to gains from the disposal of Zimbabwean assets.

### Tax Benefits for Foreign Investors Using a Blocker Corporation

Benefits for foreign investors using a blocker corporation include:

- reduced withholding tax – using a blocker corporation in a low-tax jurisdiction can reduce the withholding tax on dividends;
- deferred tax liability – income earned by a blocker corporation may not be taxable in Zimbabwe; and
- flexibility: blocker corporations can facilitate investment structuring and tax planning.

## Tax-Preferred Vehicles in Zimbabwe

The tax-preferred vehicles in Zimbabwe are:

- SEZs – these offer tax incentives, including exemption from CGT; and
- EPZs – these provide tax benefits, including reduced CGT.

In addition, the Investment Promotion Act offers tax incentives for eligible investments.

## 9.5 Anti-Evasion Regimes

Zimbabwe imposes various anti-avoidance rules on FDI, including:

- transfer pricing rules governing transactions between foreign investors and local companies;
- thin capitalisation rules limiting debt-to-equity ratios to 3:1 – exceeding this ratio may result in disallowed interest and a withholding tax;
- an overarching anti-avoidance provision in the Income Tax Act to counter transactions aimed at avoiding or postponing tax liability; and
- DTAs – Zimbabwe has signed DTAs with multiple countries to avoid double taxation, restricting withholding taxes on dividends, interest and royalties.

## 10. Employment and Labour

### 10.1 Employment and Labour Framework

#### Legal Framework

The employer-employee relationship is governed by the Labour Act of Zimbabwe, as read in conjunction with sector-specific collective bargaining agreements (CBAs). The contract of employment must be aligned with the requirements of the Labour Act.

At present, the type of contracts that are permitted by law are contracts for casual or seasonal work, or for

the performance of a specific service. Other regulations that an employer must be aware of pertain to:

- health and safety;
- social security;
- pensions;
- accident prevention funds; and
- environmental laws.

### Protection From Unlawful Dismissal

The law protects employees from unlawful dismissal. An employee's contract of employment can only be terminated by mutual consent, by effluxion of time at the expiry of a contract of employment, for disciplinary reasons after a hearing is conducted or by way of retrenchment.

### Trade Unions: The Right to Collective Job Action

The law also protects the rights of employers and employees to join trade unions. Such trade unions must be registered under the Labour Act to be recognised. Registered trade unions and employer organisations are able to collectively negotiate working conditions for employees falling within their sectors. These negotiations are recorded and registered as CBAs. A CBA that has been registered becomes law, binding all employers and employees within its sector.

The law also provides for the right to engage in collective job action where there is a dispute of interest. The Labour Act sets out the mandatory parameters for lawful exercise of a collective job action – ie, seven days' written notice of intent to resort to such action, specifying the grounds for the intended action and any attempt to conciliate upon the dispute.

### Exchange Control Approval for the Payment of Salaries Into Foreign Accounts

It is permissible for an employer to pay the salaries and wages of foreign employees into foreign accounts upon exchange control approval being granted. However, all tax obligations arising from such salaries and wages must be computed and paid in the currency in which that salary was paid to the employee. It is unlawful to pay employees in foreign currency and compute and remit taxes in local currency.

## 10.2 Employee Compensation Minimum Wage

An employer cannot pay remuneration that is below the stipulated minimum wage. The minimum wage is set in the CBA. Where there is no applicable CBA, the Minister of Public Service, Labour and Social Welfare sets a general minimum wage. As of 22 November 2024, the general minimum wage was set at USD150 per month. Employers in agriculture and employers for domestic workers are exempted from paying the minimum wage.

### Tax Obligations

Local employees are required to remit the following taxes, which must be deducted by the employer and paid to ZIMRA:

- PAYE for employees who earn USD300 or more (the tax brackets currently prescribe the maximum employee tax payable at 50% with respect to an employee earning USD20,001 or more);
- the Zimbabwe development fund levy, payable at the expense of the employer at a rate of 1% of the wage bill;
- the AIDS levy;
- accident prevention and worker's compensation insurance; and
- the national social security tax (as detailed herein).

### Expatriates

Expatriates are exempt to the extent permitted by any agreement between governments that may be in place, including bilateral taxation agreements and DTAs.

## 10.3 Employment Protection

Whenever a company in which any persons are employed is alienated or transferred in any way whatsoever, the employment of such persons is deemed to be transferred to the new entity. However, the new entity can lawfully terminate employment contracts – eg, by mutual agreement of retrenchment.

If there is no lawful termination of the employment contracts, the employees are deemed to be transferred to the transferee of the undertaking under terms and conditions not less favourable than those that applied immediately before the transfer, and the

continuity of employment of such employees shall be deemed not to have been interrupted.

The transferee or new entity can still negotiate better or less favourable working conditions with the employees. However, no rights to social security, pensions, gratuities or other retirement benefits may be diminished by any such agreement without the prior written authority of the Minister of Public Service, Labour and Social Welfare.

## 11. Intellectual Property and Data Protection

### 11.1 Intellectual Property Considerations for Approval of FDI

Intellectual property is not a primary consideration for approval of FDI in Zimbabwe.

### 11.2 Intellectual Property Protections

Zimbabwe recognises and regulates the protection of intellectual property through the Companies and Intellectual Property Office. The main legislation is the Trade Marks Act, Intellectual Property Tribunal Act, Copyright and Neighbouring Rights Act, Patents Act, Geographical Indications Act, Industrial Designs Act, Integrated Circuit Layout Designs Act, Merchandise Marks Act and Plant Breeders Rights Act.

Intellectual property rights are enforced through the Zimbabwe Republic Police (ZRP), Medicines Control Authority of Zimbabwe (MCAZ) and ZIMRA. In addition, Zimbabwe has instituted an Intellectual Property Tribunal (IPT) with the authority to decide on civil intellectual property disputes.

### 11.3 Data Protection and Privacy Considerations

The Cyber and Data Protection Act governs the processing of personal information of public and private bodies, prevents unauthorised and arbitrary use, collection, processing, transmission and storage of data of identifiable persons, provides for the regulation of data protection and establishes the Data Protection Authority. Under the Act, a data controller may not transfer personal information about a data subject to a third party who is in a foreign country without putting

in place an adequate level of protection, or ensuring that there is adequate protection in the country of the recipient or within the recipient international organisation. This Act is relatively new, and enforcement is in its infancy.

Any person or organisation is also required to be aware of the industry-specific laws that apply to particular professionals (lawyers, accountants, medical practitioners, etc).

The other data privacy and security laws that remain in force are the:

- Access to Information and Protection of Privacy Act (Chapter 10:27);
- Census and Statistics Act (Chapter 10:29);
- Consumer Protection Act (Chapter 14:14);
- Courts and Adjudicating Authorities (Publicity Restrictions) Act (Chapter 07:04);
- Interception of Communication Act (Chapter 11:20); and
- National Registration Act (Chapter 10:17).

## Trends and Developments

### Contributed by:

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Scanlen & Holderness is one of Zimbabwe's leading and longest established law firms, founded in 1894. In 2026, the firm marks 132 years of delivering high quality legal services to corporates, statutory bodies, individuals and international clients. Its deep and diverse expertise has consistently earned the firm and its practitioners strong recognition in both local and international legal rankings. Throughout its history, Scanlen & Holderness has shaped the development

of Zimbabwean jurisprudence through its involvement in landmark and precedent-setting matters. The firm is also noted for its role in innovative transactions and market first initiatives. Several of its lawyers have gone on to serve on the benches of the High Court and Supreme Court. Primarily focused on corporate, commercial and mining law, the firm operates as a fully integrated practice, offering comprehensive legal services to local, regional and global clients.

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## Introduction

Zimbabwe's investment environment is being reshaped by regulatory reforms, new statutory instruments, digitalisation of licensing, and evolving sector-specific laws. From a legal point of view, several developments define how investors must navigate entry, compliance and risk.

## Localisation Laws

On 11 December 2025, the Indigenisation and Economic Empowerment (Foreign Participation in Reserved Sectors) Regulations, 2025 were gazetted. Under Zimbabwean law, "reserved sectors" are specific categories of economic activity that are legally restricted primarily to Zimbabwean citizens, unless a foreign national obtains special authorisation from the minister responsible for administering the Indigenisation and Economic Empowerment Act and the line minister for the sector. In essence, only businesses owned by Zimbabwean citizens may ordinarily operate within these sectors.

Participation in a reserved sector as defined includes investing in, partnering with, acquiring or holding any stake in a business operating in that sector, as well as establishing a new enterprise whose operations fall wholly or predominantly within a reserved area. There are 21 reserved sectors, as listed in the First Schedule to the Act, with ten of these sectors designated as exclusively accessible to Zimbabwean citizens. Four of the sectors have set thresholds which must be complied with by any foreign investor who seeks to participate therein.

Foreign nationals may engage in reserved sectors only if they satisfy strict entry criteria. These include:

- mandatory Zimbabwean registration or incorporation;
- meeting sector-specific thresholds;
- full tax compliance;
- maintaining a local bank account; and
- submitting a comprehensive empowerment-focused business plan.

Where a foreign national is already operating in Zimbabwe, submission of an investor's permit, proof of financial capacity, and any additional documentation

required by the responsible unit is also necessary. Business plans must clearly demonstrate:

- employment creation;
- skills transfer;
- sustainable value chains; and
- other socio-economic benefits.

Applications for regularisation are lodged with the minister through a designated unit, which must issue a decision within 60 days. A permit may be approved, issued subject to conditions or rejected; any non-compliance results in automatic refusal. The authorities maintain a register of all permits, and permits may be revoked for fraud, misrepresentation or failure to meet ongoing obligations.

The regulations further reinforce transparency by requiring prompt disclosure of ownership structures, sworn declarations, and imposing stringent penalties for concealment or non-compliance. They also introduce a 30-day compliance window and a phased three-year divestment requirement, ensuring that reserved sector enterprises ultimately achieve majority Zimbabwean ownership, with severe penalties for default.

## Key Amendments in Finance Act 7 of 2025

### *Finance Act amendments*

Projects involving the collection of levies for any form of settlement must note that public bodies are required to provide electronic payment options for all statutory fees, while still maintaining cash as an alternative. The minister is empowered to enforce compliance with these requirements. Payments may be made in local currency at the prescribed exchange rate, and public bodies are expressly prohibited from refusing payment in local currency.

### *Income Tax Act amendments*

The definition of permanent establishment (PE) has been amended, resulting in a broadened scope of what constitutes a taxable presence in Zimbabwe. A PE now arises where a company maintains significant and sustained operations in Zimbabwe – whether through a fixed place of business, service activities or project-based operations – while expressly excluding auxiliary or preparatory activities and the use of inde-

pendent agents, unless such agents operate almost exclusively for closely related entities. A company is deemed to have a permanent establishment in Zimbabwe if it conducts business through a fixed place of business for more than 90 days within any 12-month period. With effect from 2026, the definition has been expanded to include service provision (including consultancy services) performed in Zimbabwe by personnel present in the country for 90 or more days in a fiscal year. Building sites, construction or installation projects, and associated supervisory activities, also fall within the PE threshold.

Examples of fixed places of business that constitute a PE include:

- management offices;
- branches;
- factories;
- workshops;
- mines;
- oil and gas wells;
- quarries;
- resource exploration facilities; and
- construction sites.

Activities that remain outside the PE definition are those that are strictly auxiliary or preparatory, such as:

- storage;
- display;
- delivery;
- purchasing; or
- information-gathering functions.

Independent agents acting in the ordinary course of business continue to be excluded from creating a PE, unless they effectively operate under the control of the foreign enterprise.

### *Withholding tax*

In addition, financial institutions are now required to:

- withhold and remit the digital services tax on foreign payments;
- issue the necessary certificates;
- file statutory returns; and
- comply with related obligations.

Failure to meet these requirements may result in liability and statutory penalties, with refunds available in cases of overpayment.

### *Value added tax – imported services VAT payment*

VAT on imported services must be settled in United States dollars or another approved foreign currency, converted at the prevailing international exchange rate at the time the payment is made. Foreign supplied digital and e-commerce services delivered into Zimbabwe are treated as local supplies and are therefore subject to a digital withholding tax, which is collected at source.

### *Capital gains tax*

Beginning in 2026, any transfer of shares or interests in landholding entities will be subject to a 20% special capital gains tax, payable in United States dollars. Compliance will require sworn disclosure and a valid tax clearance in order for ownership rights to be legally recognised. Historically, structuring property transactions through share transfers rather than direct property transfers allowed parties to bypass standard capital gains tax, transfer duties or administrative scrutiny. With the new regime, share transfers now trigger a mandatory 20% capital gains tax, eliminating the advantage previously gained by disguising property dispositions as equity transfers. The requirement for sworn disclosure and a valid tax clearance for ownership rights to be legally recognised introduces:

- criminal exposure for false declarations;
- a higher evidentiary threshold, making it risky for parties attempting to conceal beneficial ownership transfers; and
- greater transparency in documenting changes in beneficial ownership.

Investors must now factor in the 20% tax, reassess deal structures and conduct more detailed tax due diligence before acquiring shares in land-holding entities.

### *Money laundering and proceeds of crime – expanded definition of financial institutions*

The definition of financial institutions has been broadened to include Virtual Asset Service Providers (VASPs) that engage in the exchange, transfer, safe-

keeping, administration or provision of financial services involving virtual assets. The amendments have the following effects:

- introduce formal definitions of both fiat and virtual assets;
- bring VASPs under the AML/CFT regulatory framework;
- expand risk assessment obligations to cover proliferation financing; and
- enhance national co-ordination through a strengthened and updated advisory committee.

## Re-Registration Deadline for Companies – 20 April 2026

Re-registration is mandatory for all companies and Private Business Corporations (PBCs) registered before the roll-out of the electronic registry system (before March 2024). The process ensures all entities transition from the old paper-based system to the new digital corporate registry. Under SI 108 of 2025, the deadline for registration was set at 20 April 2026. The penalty for non-compliance is automatic deregistration (struck off), loss of legal existence and loss of exclusive right to the use of the company name, which becomes available for use by other entities.

## 2025 Exchange Control Comprehensive Guidelines

All cross-border transactions including borrowing, remittances and foreign currency denominated obligations must be approved by the Reserve Bank of Zimbabwe (RBZ) under exchange control regulations. Payments must route through authorised banks with supporting documentation. In 2025, the RBZ issued guidelines to authorised dealers and their clients on foreign exchange transactions. The following is of note.

Foreign investors are primarily affected by the provisions contained in the Capital and Financial Account section of the guidelines, which sets out the rules governing investment into Zimbabwe, the holding of equity, disinvestment, offshore structures, and remittance of proceeds. The guidelines confirm that foreign investors may hold equity in Zimbabwean companies, including up to 100% ownership in unlisted companies, subject to the administrative and reporting requirements outlined by the Reserve Bank of

Zimbabwe (RBZ). When acquiring, expanding or restructuring their shareholdings – whether through direct investment, dilution, mergers, acquisitions or rights issues – foreign investors must submit supporting documentation such as valuations, audited statements, shareholder structures and transaction agreements, enabling RBZ to assess the transaction's legitimacy and compliance with exchange control regulations.

## Capital markets

For foreign investors participating in Zimbabwe's capital markets, the guidelines distinguish between the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX). On the ZSE, which is denominated in local currency, foreign investor participation is capped at 49% of a listed company's issued shares, with no single foreign investor allowed more than 15%. However, both dividends and disinvestment proceeds are fully remittable following compliance with the required documentation and banking channel verification processes. By contrast, the VFEX – denominated in foreign currency – offers a fully liberalised regime where foreign investors face no ownership restrictions, can repatriate dividends and capital without mandatory liquidation, and hold their funds directly in FCA (Investment) accounts, making it the preferred platform for foreign portfolio investors seeking USD-based instruments.

## Primary money market

Foreign investors may also participate in the primary money market, where they are permitted to subscribe up to 100% of bond issuances using offshore funds, with full remittance rights for interest and principal upon maturity, provided proper documentation is submitted to the authorised dealer bank. Beyond portfolio flows, foreign investors who establish or hold equity in Zimbabwean companies are able to provide external loans, although these are subject to pricing caps and approval thresholds. Loans up to USD20 million may be approved by authorised dealers, while larger facilities require RBZ approval. Interest margins over international benchmarks are carefully regulated – ranging from 6% to 10% depending on tenor – to guard against capital flight and ensure fairness in pricing. Additional limitations apply to commitment fees and asset-backed financing structures, with the latter

required to maintain a debt cover ratio of no more than 2:1 and ensure Zimbabwean residents retain the right of first refusal in the event of asset liquidation.

### *Offshore holdings*

Foreign investors intending to set up offshore holding structures that own Zimbabwean assets, or who wish to list such assets on foreign stock exchanges, must obtain prior Reserve Bank approval. These transactions require comprehensive documentation, including ownership structures, funding details, business rationale and financial statements, to ensure transparency and compliance with Zimbabwe's capital flow management framework. Similarly, cross-border investment outward from Zimbabwe – such as when a foreign investor's Zimbabwean entity seeks to invest offshore – also requires RBZ approval, supported by detailed business and financial information.

### *Property market*

The guidelines also provide favourable treatment for foreign investors in the property market. Foreign individuals may acquire residential property in Zimbabwe without prior RBZ approval, provided the purchase price is remitted through authorised banking channels and the acquisition is registered with RBZ after completion. On disinvestment, foreign investors may freely remit proceeds from the sale of such residential properties, subject to supply of the sale agreement, proof of original inward remittance, proof of immigration where the purchaser is an individual and evidence of capital gains tax compliance. If a foreign investor wishes to retain sale proceeds offshore, this requires prior RBZ approval supported by justification and full documentation. Acquisition of commercial property must be done through a Zimbabwean registered company, meaning foreigners cannot directly hold such property in their personal capacity.

### *Remittances*

In addition to capital repatriation, foreign investors are permitted to remit rental income, dividends and other

investment returns, provided the relevant agreements and documentary evidence are lodged with authorised dealers, who must apply strict KYC, CDD and AML/CFT verification prior to processing any outward foreign currency payments. These remittances fall under the broader framework governing use of FCA (Investment) and NRTA accounts, both of which enable the free movement of investor funds when sourced from offshore inflows. Where disputes arise – such as rejected investment approvals or remittance applications – foreign investors are entitled to appeal first to the External Loans and Equity Review Committee (ELERC) and subsequently, if dissatisfied, to the Minister of Finance, ensuring investors have access to a formal redress mechanism.

### *ZIDA as the Central Legal Authority*

The Zimbabwe Investment and Development Agency (ZIDA) Act establishes ZIDA as the sole statutory body responsible for the following:

- facilitating investment;
- issuing licences;
- regulating investor obligations; and
- co-ordinating government ministries in investment processes.

ZIDA also manages Special Economic Zones (SEZs) and provides incentives legally structured through the SEZ regulations. As of 2023, the ZIDA Regulations now provide for a more modernised investment licensing regime through the introduction of “Registered Investor” and General Investment Licence. Applications must now be submitted electronically, reflecting legal reforms towards digital compliance. The One-Stop Centre now also supports intellectual property rights registration, a new legal provision not previously included. The General Investment Licence is valid for two years, renewable upon meeting stipulated legal conditions, and requires the investor to implement the project within 12 months, otherwise risking cancellation.

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